

## Message Text

LIMITED OFFICIAL USE

PAGE 01 PARIS 29852 01 OF 10 081856Z

ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15  
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15  
EA-10 NSCE-00 SSO-00 ICAE-00 INRE-00 /120 W  
-----024760 082040Z /23

O R 081823Z SEP 78

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 7129

INFO ALL OECD CAPITALS

USMISSION GENEVA

AMCONSUL NICE

LIMITED OFFICIAL USE SECTION 01 OF 10 PARIS 29852

USOECD

USEEC

USMTN

PASS EB FOR BARRACLOUGH, STR FOR HEIMLICH AND RPE  
FOR MCLEAN; NICE FOR THOMAS GEWECKE

E.O. 11652: N/A

TAGS: ETRD, OECD

SUBJECT: AD HOC WORKING GROUP ON THE STEEL INDUSTRY,  
DRAFT DECISION OF THE COUNCIL ESTABLISHING A STEEL  
COMMITTEE

FOLLOWING IS DRAFT DECISION OF THE COUNCIL CIRCULATED  
TO THE DELEGATION ON 9/8/78:

BEGIN TEXT

1. IT WAS AGREED AT THE SIXTH MEETING OF THE AD

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 29852 01 OF 10 081856Z

HOC WORKING GROUP ON THE STEEL INDUSTRY THAT THE  
SECRETARIAT WOULD PREPARE FOR DISCUSSION AT THE  
NEXT MEETING, WHICH WILL BE HELD ON 20TH AND 21ST  
SEPTEMBER, 1978, A DRAFT DECISION OF THE COUNCIL ON  
THE SETTING UP OF A STEEL COMMITTEE IN THE OECD  
FRAMEWORK.

2. DELEGATES WILL FIND IN THE ATTACHED PAPER:

- (A) A DRAFT DECISION OF THE COUNCIL ESTABLISHING A STEEL COMMITTEE;
- (B) AS AN ANNEX TO THE DECISION THE FORMER "DRAFT RESOLUTION ON STEEL" AS IT STOOD AT THE CONCLUSION OF THE GROUP'S SIXTH MEETING (N.B. AS AGREED AT THE MEETING THIS TEXT HAS BEEN POLISHED WHILE AVOIDING ANY CHANGES TO ITS SUBSTANCE, AND IT HAS BEEN INCLUDED AS AN INTEGRAL PART OF THE DECISION); AND
- (C) AN EXPLANATORY NOTE ON THE DRAFT DECISION OF THE COUNCIL INTENDED PURELY TO FACILITATE THE EXAMINATION BY DELEGATIONS OF THE DRAFT DECISION WHICH WILL BE THE DOCUMENT TO BE SUBMITTED TO THE COUNCIL FOR DECISION AFTER REVIEW AND APPROVAL BY THE WORKING GROUP.

3. THIS PAPER IS DISTRIBUTED TO HEADS OF DELEGATIONS TO THE OECD AND TO HEADS OF DELEGATIONS TO THE AD HOC WORKING GROUP ON THE STEEL INDUSTRY SO THAT IT CAN BE CONSIDERED BY ALL APPROPRIATE NATIONAL AUTHORITIES BEFORE ITS DISCUSSION BY THE GROUP.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARIS 29852 01 OF 10 081856Z

DRAFT DECISION OF THE COUNCIL ESTABLISHING A STEEL COMMITTEE

THE COUNCIL,

HAVING REGARD TO THE CONVENTION ON THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT OF 14TH DECEMBER, 1960 (HEREINAFTER REFERRED TO AS THE "CONVENTION") AND, IN PARTICULAR, ARTICLES 5(A), 6, 12, 13, AND 20 THEREOF;

HAVING REGARD TO THE COMMUNIQUE APPROVED BY THE COUNCIL MEETING AT MINISTERIAL LEVEL ON 15TH JUNE, 1978 AND, IN PARTICULAR, ANNEX II THEREOF (C(78)96(FINAL));

CONSIDERING THAT THE AD HOC WORKING GROUP ON THE STEEL INDUSTRY HAS REACHED THE CONCLUSION THAT A STEEL COMMITTEE SHOULD BE ESTABLISHED WITHIN THE FRAMEWORK OF THE ORGANISATION AND THAT A NUMBER OF MEMBER COUNTRIES AS WELL AS THE EUROPEAN COMMUNITIES HAVE EXPRESSED THEIR INTENTION TO

PARTICIPATE THEREIN;

DECIDES:

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 PARIS 29852 02 OF 10 081906Z

ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15  
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15  
NSCE-00 SSO-00 ICAE-00 INRE-00 EA-10 /120 W  
-----025684 082041Z /23

O R 081823Z SEP 78

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 7130

INFO ALL OECD CAPITALS

USMISSION GENEVA

AMCONSUL NICE

LIMITED OFFICIAL USE SECTION 02 OF 10 PARIS 29852

#### ARTICLE 1

IN ORDER TO SEEK SOLUTIONS TO THE PROBLEMS AND  
ACHIEVE THE OBJECTIVES SET OUT IN THE  
ANNEX, A STEEL COMMITTEE (HEREINAFTER REFERRED TO AS  
THE "COMMITTEE") IS ESTABLISHED WITHIN THE FRAME-  
WORK OF OECD AND SHALL HAVE THE FUNCTIONS AND THE  
WORK PROGRAMME SET OUT IN THE ANNEX.

#### ARTICLE 2

(A) PARTICIPANTS IN THE COMMITTEE SHALL BE:

(I) (LIST OF OECD MEMBER COUNTRIES PARTICIPA-  
TING IN THE COMMITTEE AND THE  
EUROPEAN COMMUNITIES.)

(II) ANY OTHER MEMBER COUNTRY OF THE ORG

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 29852 02 OF 10 081906Z

NISA-

TION WHICH DECIDES TO PARTICIPATE IN THE COMMITTEE AT A LATER STAGE.

(B) THE COMMITTEE MAY DECIDE TO PROPOSE TO THE COUNCIL THAT A NON-MEMBER COUNTRY WITH SUBSTANTIAL STEEL PRODUCTION (OR TRADE) INTERESTS SHOULD BE INVITED TO PARTICIPATE IN THE COMMITTEE. ONLY MEMBER COUNTRIES PARTICIPATING IN THE COMMITTEE SHALL TAKE PART IN THE COMMITTEE'S DECISION. SUCH PROPOSAL SHALL INCLUDE THE TERMS AND CONDITIONS FOR THE NON-MEMBER COUNTRY'S PARTICIPATION. IN MAKING SUCH PROPOSAL THE COMMITTEE MUST BE SATISFIED THAT THE NON-MEMBER COUNTRY HAS AGREED AND IS ABLE TO UNDERTAKE THE SAME COMMITMENTS WITH REGARD TO THE COMMITTEE'S WORK AS THE OECD MEMBER COUNTRIES WHICH PARTICIPATE THEREIN AND THAT ITS PARTICIPATION IN THE COMMITTEE WOULD CONTRIBUTE TO ACHIEVING THE OBJECTIVES OF THE COMMITTEE. UNLESS THE COUNCIL DECIDES THAT SUCH INVITATION WOULD BE INAPPROPRIATE THE SECRETARY-GENERAL SHALL INVITE THAT COUNTRY TO PARTICIPATE IN THE COMMITTEE.

#### ARTICLE 4

EXPENDITURE REQUIRED FOR THE FUNCTIONING OF THE COMMITTEE SHALL BE DEFRAYED FROM THE APPROPRIATIONS AUTHORISED FOR THAT PURPOSE UNDER PART II OF THE BUDGET OF THE ORGANISATION. THE COMMITTEE SHALL SUBMIT TO THE COUNCIL EACH YEAR A PROGRAMME OF WORK AND CORRESPONDING BUDGETARY PROPOSALS.

#### ARTICLE 5

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARIS 29852 02 OF 10 081906Z

THE COMMITTEE MAY MAKE PROPOSALS TO THE COUNCIL ON ANY MATTER WITHIN ITS TERMS OF REFERENCE AND, AT THE REQUEST OF THE COUNCIL OR ON ITS OWN INITIATIVE, THE COMMITTEE MAY SUBMIT OTHER COMMUNICATIONS TO THE COUNCIL.

#### ARTICLE 6

(A) THE PROVISIONS OF THE RULES OF PROCEDURE OF  
THE ORGANIZATION SHALL APPLY TO THE COMMITTEE TO THE  
EXTENT THAT THIS DECISION DOES NOT DEROGATE THEREFROM.

(B) THE COMMITTEE MAY MAKE RECOMMENDATIONS TO  
PARTICIPANTS WITHIN THE SCOPE OF ITS TERMS OF  
REFERENCE.

(C) SHOULD THE COMMITTEE AGREE TO MODIFY SUBSEQUENTLY  
THE INITIAL COMMITMENTS REFERRED TO IN ARTICLE 2  
IT MAY MAKE A PROPOSAL TO THAT EFFECT TO THE COUNCIL  
AND UNLESS THE COUNCIL DECIDES THAT SUCH MODIFICA-  
TIONS ARE NOT CONSISTENT WITH THE AIMS OF THE ORGANI-  
SATION IT SHALL AMEND THE ANNEX ACCORDINGLY.

(D) THE ANNEX TO THE RULES OF PROCEDURES IS  
AMENDED BY THE INSERTION OF A NEW PARAGRAPH  
AS FOLLOWS:

"26. STEEL COMMITTEE. ITS TERMS OF REFERENCE  
ARE DEFINED IN THE DECISION OF THE  
COUNCIL, C(78)....."

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 PARIS 29852 03 OF 10 081927Z  
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15  
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15  
NSCE-00 SSO-00 ICAE-00 INRE-00 EA-10 /120 W  
-----027231 082041Z /23

O R 081823Z SEP 78  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC IMMEDIATE 7131  
INFO ALL OECD CAPITALS  
USMISSION GENEVA  
AMCONSUL NICE

LIMITED OFFICIAL USE SECTION 03 OF 10 PARIS 29852

ARTICLE 7

THIS DECISION AND THE ANNEX, WHICH SHALL  
BE AN INTEGRAL PART THEREOF, SHALL TAKE EFFECT  
ON .....

ANNEX

PROBLEMS

1. THE WORLD'S STEEL INDUSTRY IS EXPERIENCING  
SERIOUS DIFFICULTIES OF BOTH A CYCLICAL AND  
STRUCTURAL NATURE. THESE DIFFICULTIES ARE WIDESPREAD  
AND ARE CHARACTERISED BY:

- PERSISTENT EXCESS CAPACITY;
- LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 29852 03 OF 10 081927Z

- AN EXCEPTIONALLY LOW LEVEL OF DEMAND;
- UNJUSTIFIABLY LOW PRICES ON WORLD MARKETS;
- MARKED CHANGES IN TRADITIONAL TRADE PATTERNS;
- MAJOR DISLOCATIONS OF LABOUR, FREQUENTLY IN  
AREAS ALREADY EXPERIENCING HIGH UNEMPLOYMENT;
- DEPRESSED FINANCIAL PERFORMANCE AMONG  
PRODUCERS, WHICH HOLDS DOWN INVESTMENTS NEEDED  
FOR MODERNISATION AND RATIONALISATION OF  
PLANTS;
- INCREASING GOVERNMENTAL INTERVENTION IN STEEL  
SUPPLY AND DEMAND, ESPECIALLY WITH FOREIGN  
TRADE.

2. IN VIRTUALLY ALL MAJOR STEEL-PRODUCING  
NATIONS, STEEL OCCUPIES A CENTRAL PLACE IN THE  
NATIONAL ECONOMY. IN A NUMBER OF MAJOR AREAS, THE  
MAGNITUDE OF STRUCTURAL PROBLEMS CONFRONTING THE  
STEEL SECTOR AND RESULTANT SOCIAL AND ECONOMIC IMPLI-  
CATIONS OF THE NECESSARY STRUCTURAL ADJUSTMENTS ARE  
SUBSTANTIAL.

3. THE INTERRELATIONSHIP OF DEVELOPMENTS IN THE  
STEEL SECTORS FROM COUNTRY TO COUNTRY AND THE  
POTENTIAL THAT UNILATERAL ACTIONS AND POLICIES CAN  
AGGRAVATE THE PROBLEMS OF OTHERS HAVE BECOME  
CLEAR. THE CONVERGENCE OF CYCLICAL PROBLEMS AMONG  
MANY NATIONS SERVES TO INTENSIFY THE PROBLEMS FACED  
BY EACH. THERE IS GENERAL RECOGNITION THAT THERE MAY  
WELL BE RECURRING CYCLICAL DIFFICULTIES.

OBJECTIVES

4. IN VIEW OF THESE DIFFICULTIES, GOVERNMENTS NEED  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARIS 29852 03 OF 10 081927Z

TO WORK CLOSELY TOGETHER IN ORDER TO:

- ENSURE THAT TRADE IN STEEL WILL REMAIN AS UNRESTRICTED AND FREE OF DISTORTION AS POSSIBLE.  
RESTRICTIVE ACTIONS SHOULD BE AVOIDED AND,  
WHERE NECESSARY, STRICTLY LIMITED IN SCOPE  
AND TIME, AND IN CONFORMITY WITH GATT RULES  
((1));
- ENCOURAGE REDUCTION OF BARRIERS TO TRADE;
- ENABLE GOVERNMENTS TO ACT PROMPTLY TO COPE WITH  
CRISIS SITUATIONS IN CLOSE CONSULTATION WITH  
INTERESTED TRADING PARTNERS AND IN CONFORMITY  
WITH AGREED PRINCIPLES;
- FACILITATE NEEDED STRUCTURAL ADAPTATIONS THAT WILL  
DIMINISH PRESSURES FOR TRADE ACTIONS AND  
PROMOTE RATIONAL ALLOCATION OF PRODUCTIVE RESOURCES WITH THE AIM OF ACHIEVING FULLY COMPETITIVE  
ENTERPRISES;
- ENSURE THAT MEASURES AFFECTING THE STEEL  
INDUSTRY ARE CONSISTENT TO THE EXTENT POSSIBLE  
WITH GENERAL ECONOMIC POLICIES AND TAKE INTO  
ACCOUNT IMPLICATIONS FOR RELATED INDUSTRIES,  
INCLUDING STEEL-CONSUMING INDUSTRIES;
- AVOID ENCOURAGING ECONOMICALLY UNJUSTIFIED  
INVESTMENTS WHILE RECOGNISING LEGITIMATE  
DEVELOPMENT NEEDS;
- FACILITATE MULTILATERAL CO-OPERATION CONSISTENT  
WITH THE NEED TO MAINTAIN COMPETITION, TO  
ANTICIPATE AND, TO THE EXTENT POSSIBLE, PREVENT  
PROBLEMS.

((1)) - FOOTNOTE (AFTER TICK 1): IT IS NOTED THAT

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 PARIS 29852 03 OF 10 081927Z

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 PARIS 29852 04 OF 10 081938Z

ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15  
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15  
NSCE-00 SSO-00 ICAE-00 INRE-00 EA-10 /120 W  
-----028394 082042Z /23

O R 081823Z SEP 78

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 7132

INFO ALL OECD CAPITALS

USMISSION GENEVA

AMCONSUL NICE

LIMITED OFFICIAL USE SECTION 04 OF 10 PARIS 29852

REFERENCE TO GATT RULES AND PROVISIONS IN THIS TEXT  
DO NOT ALTER THE GATT RIGHTS AND OBLIGATIONS OF  
INDIVIDUAL PARTICIPANTS.)

COMMITTEE FUNCTIONS

5. THE STEEL COMMITTEE WILL MEET REGULARLY AND IN SPECIAL SESSIONS AS REQUIRED TO:

(1) CONTINUOUSLY FOLLOW NATIONAL, REGIONAL AND WORLD SUPPLY AND DEMAND CONDITIONS IN STEEL AND CLOSELY RELATED INDUSTRIES, INCLUDING STEEL-CONSUMING INDUSTRIES, WITH A VIEW TO IDENTIFYING POTENTIAL PROBLEMS AND IMPLICATIONS AND MAKING ASSESSMENTS AND FORECASTS AVAILABLE TO ALL INTERESTED PARTIES;

(2) CONTINUOUSLY FOLLOW THE EVOLUTION OF NATIONAL,  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 29852 04 OF 10 081938Z

REGIONAL AND WORLD STEEL INDUSTRIES WITH REGARD TO EMPLOYMENT, PROFITS, INVESTMENTS, CAPACITY, INPUT COSTS, PRODUCTIVITY, AND OTHER ASPECTS OF VIABILITY AND

COMPETITIVENESS;

6.(3) DEVELOP COMMON PERSPECTIVES REGARDING EMERGING PROBLEMS OR CONCERN IN THE STEEL SECTOR AND SESTABLISH, WHERE APPROPRIATE, MULTILATERAL OBJECTIVES OR GUIDE-LINES FOR GOVERNMENT POLICIES;

(4) REGULARLY REVIEW AND ASSESS GOVERNMENT POLICIES AND ACTIONS IN THE STEEL SECTOR IN THE LIGHT OF THE CURRENT SITUATION, AGREED MULTILATERAL OBJECTIVES AND GUIDELINES AND THE GATT AND OTHER RELEVANT INTERNAL AGREEMENTS;

(5) IDENTIFY DEFICIENCIES AND GAPS IN EXISTING DATA NEEDED BY THE COMMITTEE WITH A VIEW TO IMPROVING NATIONAL INPUTS TO THE COMMITTEE AND CROSS-NATIONAL COMPARABILITY OF DATA.

INITIAL COMMITMENTS

6. PARTICIPANTS IN THE STEEL COMMITTEE AGREE TO THE FOLLOWING MULTILATERAL GUIDELINES:

A. WITH RESPECT TO STEEL CRISIS TRADE ACTIONS:

1. NO ACTIONS SHOULD BE INCONSISTENT WITH GATT PROVISIONS.
2. WHEN ACTIONS ARE NECESSARY THEY SHOULD BE AS LIMITED AND TEMPORARY AS PRACTICABLE AND APPROPRIATE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARIS 29852 04 OF 10 081938Z

TO THE CAUSES WHICH LED TO THEIR INTRODUCTION.

3. ALL ACTIONS (FOOTNOTE: IT IS UNDERSTOOD THAT THESE INCLUDE ALL SAFEGUARD MEASURES SUBJECT TO A REPORTING REQUIREMENT IN THE SAFEGUARDS CODE NEGOTIATED IN THE M.T.N.) BRACKET (INCLUDING, ON REQUEST, VOLUNTARY RESTRAINT AGREEMENTS) END BRACKET TAKEN BY PARTICIPANTS SHOULD BE REPORTED PROMPTLY TO THE STEEL COMMITTEE AND, IN CONFORMITY WITH GATT RULES, TO THE GATT. THE STATUS AND RATIONALE FOR MAINTAINING SUCH ACTIONS SHOULD BE REPORTED PERIODICALLY TO THE STEEL COMMITTEE. PARTICIPANTS AGREE TO CONSULT ON ANY TRADE ACTION OF INTEREST TO ANOTHER PARTICIPANT.

4. WHEN TAKING ACTION UNDER DOMESTIC LAW AND PROCEDURES TO DEAL WITH SERIOUS DIFFICULTIES OF ITS INDUSTRY, A PARTICIPANT SHALL TAKE INTO ACCOUNT THE

CONCERNS OF TRADING PARTNERS THAT (TRADITIONAL)  
TRADE FLOWS ESTABLISHED UNDER NORMAL CONDITIONS OF  
COMPETITION NOT BE SEVERELY DISRUPTED.

5. PRICE GUIDELINES SHOULD BE IN CONFORMITY WITH  
THE INTERNATIONAL ANTI-DUMPING CODE AND ARE  
APPROPRIATE ONLY DURING CRISIS PERIODS OF SUBSTAN-  
TIAL EXCESS CAPACITY IN EXPORTING COUNTRIES, WIDE-  
SPREAD PRICE CUTTING BY MANY EXPORTERS OVER MANY  
PRODUCTS IN THE IMPORTING MARKET OR ON WORLD

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 PARIS 29852 05 OF 10 081858Z  
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15  
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15  
NSCE-00 SSO-00 ICAE-00 INRE-00 EA-10 /120 W  
-----024881 082043Z /23

O R 081823Z SEP 78  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC IMMEDIATE 7133  
INFO ALL OECD CAPITALS  
USMISSION GENEVA  
AMCONSUL NICE

LIMITED OFFICIAL USE SECTION 05 OF 10 PARIS 29852

MARKETS, AND DEPRESSED DOMESTIC INDUSTRY CONDI-  
TIONS SUCH AS LOW CAPACITY UTILISATION, PROFITS,  
SALES, INVESTMENTS AND EMPLOYMENT. SUCH ACTIONS  
SHOULD BE EXPEDITIOUSLY REMOVED OR LIBERALISED  
AS CONDITIONS IMPROVE.

6. SUCH PRICE GUIDELINES SHOULD EITHER NOT EXCEED  
THE LOWEST NORMAL PRICES IN THE SUPPLYING COUNTRY  
OR COUNTRIES WHERE NORMAL CONDITIONS OF COMPETI-  
TION ARE PREVAILING, OR NOT EXCEED PRICES COMPRISING

(THE SUMS OF THE LOWEST FULL COSTS OF PRODUCTION (INCLUDING OVERHEADS) AND PROFIT IN SUCH COUNTRY OR COUNTRIES) (THE SUMS OF THE FULL COSTS OF PRODUCTION (INCLUDING OVERHEADS) AND PROFIT IN THE MOST EFFICIENT PRODUCING COUNTRY); DELIVERY COSTS TO THE IMPORTING MARKET AND IMPORT DUTIES MAY BE INCLUDED AS REQUIRED.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 29852 05 OF 10 081858Z

(B. PARTICIPANTS IN THE STEEL COMMITTEE RECALL THEIR DETERMINATION TO ABSTAIN FROM DESTRUCTIVE COMPETITION IN OFFICIAL SUPPORT OF EXPORT CREDIT; THEY AGREE THAT THEIR POLICIES IN THE FIELD OF EXPORT CREDITS FOR STEEL PLANT AND EQUIPMENT WILL BE FULLY CONSISTENT WITH THE ARRANGEMENT ON GUIDELINES FOR OFFICIALLY SUPPORTED EXPORT CREDITS AND CONTRIBUTE TO THE AVOIDANCE OF COMPETITIVE SUBSIDISATION OF SUCH EXPORTS.)

C. PARTICIPANTS, RECALLING THE GENERAL ORIENTATIONS FOR ADJUSTMENT POLICIES ADOPTED AS PART OF THE COMMUNIQUE OF THE JUNE 1978 MEETING OF THE COUNCIL AT MINISTERIAL LEVEL, AGREE THAT DOMESTIC POLICIES TO SUSTAIN STEEL FIRMS DURING CRISIS PERIODS SHOULD NOT SHIFT THE BURDEN OF ADJUSTMENT TO OTHER COUNTRIES AND THUS INCREASE THE LIKELIHOOD OF RESTRICTIVE TRADE ACTIONS BY OTHER COUNTRIES (E.G. BY ARTIFICIALLY STIMULATING EXPORTS OR BY ARTIFICIALLY DISPLACING IMPORTS). FURTHER, AS A GENERAL RULE, DOMESTIC MEASURES SHOULD NOT PREVENT MARGINAL FACILITIES FROM CLOSING IN THOSE INSTANCES WHERE THE FACILITIES CANNOT BECOME COMMERCIALLY VIABLE WITHIN A REASONABLE PERIOD OF TIME.

D. PARTICIPANTS IN THE STEEL COMMITTEE AGREE TO MAKE EVERY EFFORT TO PROVIDE EFFECTIVE PROGRAMMES FOR STEEL WORKER RE-ADAPTATION AWAY FROM FACILITIES AFFECTED BY STRUCTURAL ADJUSTMENTS INTO ALTERNATIVE EMPLOYMENT. TO THIS END, THEY WILL PERIODICALLY EXCHANGE INFORMATION ON THE EFFECTIVENESS OF POLICIES AND PROGRAMMES TO ASSIST STEEL WORKERS AND COMMUNITIES.

E. ANY ACTIONS TO RESTRICT TRADE IN STEELMAKING  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARIS 29852 05 OF 10 081858Z

MATERIALS SHOULD BE REPORTED PROMPTLY TO THE STEEL COMMITTEE AND BE SUBJECT TO CONSULTATION WITH AFFECTED

PARTIES.

WORK PROGRAMME

7. WITH RESPECT TO THE COMMITMENTS AGREED IN THIS  
RESOLUTION THE STEEL COMMITTEE SHOULD PROMPTLY UNDERTAKE  
AN EXAMINATION OF GOVERNMENT POLICIES AFFECTING THE  
STEEL SECTOR IN THE FOLLOWING AREAS:

(1) EVOLUTION OF TRADE FLOWS AND THE IMPACT ON THEM  
OF GOVERNMENT MEASURES;

(2) GUIDELINES FOR STEEL TRADE ACTIONS;

(3) ADAPTATION OF PRODUCTION STRUCTURE THROUGH  
MODERNISATION, CLOSURES AND RECONVERSIONS;

(4) RE-ADAPTATION OF LABOUR;

(5) DOMESTIC POLICIES TO SUSTAIN STEEL PRODUCTION  
AND STIMULATE STEEL DEMAND IN TIMES OF CRISIS;

(6) DOMESTIC PRICING AND SUPPLY;

(7) GOVERNMENT EXPORT CREDITS FOR STEEL PLANT AND  
EQUIPMENT.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 PARIS 29852 06 OF 10 081911Z

ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15  
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15  
EA-10 NSCE-00 SSO-00 ICAE-00 INRE-00 /120 W  
-----026151 082044Z /23

O R 081823Z SEP 78

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 7134

INFO ALL OECD CAPITALS

USMISSION GENEVA

AMCONSUL NICE

LIMITED OFFICIAL USE SECTION 06 OF 10 PARIS 29852

THE COMMITTEE WILL CONTINUE THE WORK INITIATED IN THE AD HOC STEEL GROUP AND MAY UNDERTAKE EXAMINATIONS IN OTHER AREAS AS DEEMED APPROPRIATE BY THE PARTICIPANTS.

DRAFT DECISION OF THE COUNCIL

EXPLANATORY NOTE

GENERAL

1. THE ESTABLISHMENT OF A STEEL COMMITTEE WITHIN THE FRAMEWORK OF OECD WOULD REQUIRE AN APPROPRIATE DECISION BY THE COUNCIL. INASMUCH AS NOT ALL MEMBER COUNTRIES MAY WISH TO PARTICIPATE IN THE STEEL COMMITTEE, IT WOULD BE SET UP UNDER PART II OF THE BUDGET OF THE ORGANISATION. FURTHER, THERE IS A CONSENSUS THAT A LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 29852 06 OF 10 081911Z

LIMITED NUMBER OF NON-MEMBER COUNTRIES WILL BE INVITED TO PARTICIPATE IN THE COMMITTEE; SETTING UP THE COMMITTEE AS A PART II ACTIVITY WOULD ALLOW THIS TO BE PROVIDED FOR IN A FLEXIBLE MANNER.

2. GIVEN THAT THE "DRAFT RESOLUTION ON STEEL" HAS BEEN UNDER NEGOTIATION FOR SOME TIME AND INCLUDES A STATEMENT OF THE DIFFICULTIES EXPERIENCED BY THE STEEL INDUSTRY, THE OBJECTIVES, THE FUNCTIONS AND THE WORK PROGRAMME FORESEEN FOR THE PROPOSED COMMITTEE, AS WELL AS THE INITIAL COMMITMENTS WHICH PARTICIPANTS IN THE COMMITTEE WOULD UNDERTAKE, IT WOULD SEEM DESIRABLE TO LEAVE THIS DOCUMENT INTACT RATHER THAN TO ATTEMPT TO INTEGRATE IT PIECE BY PIECE INTO THE DECISION. CONSEQUENTLY, THE DRAFT DECISION HAS BEEN CONCEIVED AS A FRAMEWORK FOR THE COMMITTEE AND WOULD INCORPORATE "IN TOTO" THE "DRAFT RESOLUTION ON STEEL", AS FINALLY AGREED, BY ANNEXING THAT TEXT TO THE DECISION AND MAKING IT AN INTEGRAL PART THEREOF.

3. IT SHOULD ALSO BE BORNE IN MIND, IN EXAMINING THE DRAFT TEXT AND THIS NOTE, THAT CERTAIN MEMBER COUNTRIES MAY WISH TO INCLUDE POLICY STATEMENTS IN THE MINUTES OF THE COUNCIL AT THE TIME THE DECISION IS ADOPTED.

4. REFERENCE MIGHT ALSO BE MADE IN THE COUNCIL MINUTES TO THE NON-MEMBER COUNTRIES WHICH MIGHT IN THE FIRST INSTANCE BE INVITED TO PARTICIPATE IN THE COMMITTEE.

5. THIS NOTE IS AN EXPLANATION OF THE PROPOSED DRAFT DECISION, ARTICLE BY ARTICLE, IN THE ORDER OF THE ARTICLES.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARIS 29852 06 OF 10 081911Z

ARTICLE 1

6. THIS ARTICLE FORMALLY ESTABLISHES THE COMMITTEE WITHIN THE ORGANISATION AND INCORPORATES THE FORMER "DRAFT RESOLUTION ON STEEL" WITH THE EXCEPTION OF THE INITIAL COMMITMENTS WHICH ARE INCORPORATED BY A SEPARATE ARTICLE (ARTICLE 2) AS THIS REQUIRES A DIFFERENT WORD-ING.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 PARIS 29852 07 OF 10 081901Z  
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15  
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15  
NSCE-00 SSO-00 ICAE-00 INRE-00 EA-10 /120 W  
-----025195 082046Z /23

O R 081823Z SEP 78  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC IMMEDIATE 7135  
INFO ALL OECD CAPITALS  
USMISSION GENEVA  
AMCONSUL NICE

LIMITED OFFICIAL USE SECTION 07 OF 10 PARIS 29852

## ARTICLE 2

7. A SPECIAL ARTICLE HAS BEEN INCLUDED IN RESPECT OF THE INITIAL COMMITMENTS SET OUT IN PARAGRAPH 6 OF THE ANNEX IN ORDER TO GIVE TO THEM A FORMAL, LEGAL STATUS. INCORPORATING AN UNDERTAKING IN RESPECT OF THESE COMMITMENTS IN THE BODY OF THE DECISION TRANSFORMS THEM INTO A BINDING LEGAL OBLIGATION FOR MEMBER COUNTRIES PARTICIPATING IN THE COMMITTEE (OF OECD CONVENTION, ARTICLE 5(A)). IF, SUBSEQUENTLY, THESE COMMITMENTS WERE EITHER MODIFIED OR SUPPLEMENTED IT WOULD BE NECESSARY TO AMEND ACCORDINGLY THE ANNEX BY A FURTHER COUNCIL DECISION AND A PROCEDURE HAS BEEN PROVIDED FOR THIS IN ARTICLE 6(C).

8. ON THE OTHER HAND, IF IT WERE THOUGHT APPROPRIATE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 29852 07 OF 10 081901Z

TO GIVE TO THE COMMITMENTS A LESS FORMAL STATUS, PROVISION COULD BE MADE IN THIS INITIAL DRAFT DECISION FOR THE COUNCIL SIMPLY TO TAKE NOTE OF THEM. IF, IN THIS SITUATION, THE COUNTRIES UNDERTAKING THE COMMITMENTS WISHED TO MODIFY OR SUPPLEMENT THEM THEY COULD SO DO QUITE FREELY, WITHIN THE COMMITTEE'S TERMS OF REFERENCE, WITHOUT HAVING TO SEEK COUNCIL APPROVAL. HOWEVER, THEY WOULD NORMALLY WISH TO SUBMIT THEM TO THE COUNCIL IN ORDER THAT THE COUNCIL TAKE NOTE THEREOF AS WOULD HAVE BEEN THE CASE FOR THE INITIAL COMMITMENTS.

9. NON-MEMBER COUNTRIES WHICH MAY BE INVITED SUBSEQUENTLY TO PARTICIPATE IN THE COMMITTEE WOULD UNDERTAKE THE COMMITMENTS IN AN APPROPRIATE MANNER WHEN RESPONDING TO THE INVITATION OF THE SECRETARY-GENERAL OF OECD.

## ARTICLE 3

10. THIS ARTICLE DEALS WITH PARTICIPATION IN THE COMMITTEE BY MEMBER COUNTRIES OF OECD, THE EUROPEAN COMMUNITIES AND NON-MEMBER COUNTRIES. THE CURRENT VERSION OF THE "DRAFT RESOLUTION ON STEEL" (AS AGREED ON 26TH AND 27TH JULY, 1978, PARAGRAPH 7) NOTES THAT A CONSENSUS WAS REACHED THAT A LIMITED NUMBER OF NON-MEMBER COUNTRIES WOULD BE INVITED TO PARTICIPATE IN THE COMMITTEE AND THAT THIS CONSENSUS WOULD BE FORMULATED IN THE DRAFT COUNCIL DECISION. THE PROPOSED FORMULATION TAKES ACCOUNT OF THE TEXTS ON PARTICIPATION WHICH FIGURES IN EARLIER VERSIONS OF THE "DRAFT RESOLUTION ON

STEEL" AND ADAPTS THEM TO THE REQUIREMENTS OF THE ORGANISATION.

11. WITH REGARD TO PARTICIPATION OF OECD MEMBER  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARIS 29852 07 OF 10 081901Z

COUNTRIES, THIS IS PROVIDED FOR IN PARAGRAPH (A) IN CONFORMITY WITH NORMAL PRACTICE OF THE ORGANISATION, I.E. THOSE MEMBER COUNTRIES WISHING TO PARTICIPATE AT THE OUTSET SO DECLARE AND ARE LISTED AS PARTICIPANTS AB INITIO WHILST THE POSSIBILITY IS LEFT OPEN FOR OTHER MEMBER COUNTRIES TO PARTICIPATE IN THE COMMITTEE AT A LATER STAGE.

12. PARTICIPATION BY NON-MEMBER COUNTRIES HAS BEEN TREATED IN A SPECIAL WAY SINCE THIS IS NOT NORMAL PRACTICE AT OECD AND RAISES SOME LEGAL AND POLITICAL PROBLEMS. AN ATTEMPT HAS BEEN MADE TO STRIKE A BALANCE. ON THE ONE HAND, THE COUNCIL SHOULD MAINTAIN AN OVERVIEW OF ALL THE ACTIVITIES OF THE ORGANISATION BOTH AS A MATTER OF GENERAL POLICY AND IN ORDER TO ENSURE THAT THE COMMITTEE'S ACTIVITIES FIT PROPERLY INTO THE ECONOMIC AIMS OF THE ORGANISATION; AN IMPORTANT CONSIDERATION IN THIS RESPECT IS PARTICIPATION BY OTHER THAN MEMBER COUNTRIES IN CERTAIN OF THE ORGANISATION'S ACTIVITIES. ON THE OTHER HAND, THE STEEL COMMITTEE OUGHT TO BE GIVEN A BROAD FUNCTIONAL AUTONOMY OF ACTION IN ITS PARTICULAR FIELD OF ACTIVITY WHICH WOULD INCLUDE A TECHNICAL DETERMINATION OF THE SUITABILITY OF A NON-MEMBER COUNTRY AS A PARTICIPANT.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 PARIS 29852 08 OF 10 081905Z  
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15  
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15

NSCE-00 SSO-00 ICAE-00 INRE-00 EA-10 /120 W

-----025600 082049Z /23

O R 081823Z SEP 78

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 7136

INFO ALL OECD CAPITALS

USMISSION GENEVA

AMCONSUL NICE

LIMITED OFFICIAL USE SECTION 08 OF 10 PARIS 29852

13. IN FACT, ARTICLE 12(C) OF THE OECD CONVENTION  
PROVIDES THAT INVITATIONS TO NON-MEMBER GOVERNMENTS  
ARE MADE "UPON SUCH TERMS AND CONDITIONS AS THE COUNCIL  
MAY DETERMINE". THEREFORE ULTIMATE RESPONSIBILITY  
HAS BEEN GIVEN TO THE COUNCIL IN THESE MATTERS. AL-  
THOUGH THE COUNCIL MAY DELEGATE THIS POWER, IT WOULD  
SEEM DESIRABLE, AS STATED EARLIER, THAT IT MAINTAIN AN  
OVER-VIEW OF THE ORGANISATION'S ACTIVITIES FROM BOTH A  
POLITICAL AND ECONOMIC POLICY STANDPOINT, INCLUDING  
PARTICIPATION IN SUCH ACTIVITIES BY A NON-MEMBER  
COUNTRY. THUS, ALL MEMBER COUNTRIES (NOT MERELY THOSE  
PARTICIPATING IN THE COMMITTEE) SHOULD TAKE PART IN THE  
DETERMINATION UNDER ARTICLE 12 SINCE PARTICIPATION OF  
A NON-MEMBER COUNTRY MAY HAVE IMPLICATIONS FOR OTHER  
AREAS OF ACTIVITY OF THE ORGANISATION. AT THE SAME  
TIME, HOWEVER, IT WOULD BE RECOGNISED THAT IN THE CASE  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 29852 08 OF 10 081905Z

OF THE STEEL COMMITTEE, GIVEN THE NATURE OF THE COM-  
MITTEE'S ACTIVITIES, IT SHOULD BE THE SOLE JUDGE OF  
WHETHER A GIVEN NON-OECD COUNTRY MET THE VARIOUS  
REQUIREMENTS SET OUT IN THE "DRAFT RESOLUTION ON STEEL"  
AND WHETHER PARTICIPATION OF THAT COUNTRY WOULD CON-  
TRIBUTE TO ACHIEVING THE OBJECTIVES OF THE COMMITTEE.

14. THE DRAFT PROVISION, THEREFORE, ASSIGNS TO THE  
COMMITTEE THE RIGHT TO PROPOSE TO THE COUNCIL THAT A  
GIVEN NON-MEMBER COUNTRY SHOULD BE INVITED TO PARTICI-  
PATE IN THE COMMITTEE, INCLUDING THE TERMS AND CONDITIONS  
FOR SUCH PARTICIPATION. MOREOVER, DETERMINATION AS TO  
WHETHER THE COUNTRY NOMINATED HAS AGREED AND IS ABLE TO  
UNDERTAKE THE REQUIRED COMMITMENTS WITH REGARD TO THE  
COMMITTEE'S WORK AND WHETHER ITS PARTICIPATION WOULD  
CONTRIBUTE TO ACHIEVING THE OBJECTIVES OF THE COMMITTEE  
HAS BEEN LEFT TO THE STEEL COMMITTEE.

15. THE COUNCIL WOULD RETAIN THE ULTIMATE POWER OF DECISION IN THE MATTER BUT THERE WOULD BE A PRESUMPTION IN FAVOUR OF THE COMMITTEE'S JUDGMENT. THUS, UNLESS THE COUNCIL DECIDED UNANIMOUSLY (OECD CONVENTION, ARTICLE 6.1) THAT SUCH INVITATION WOULD NOT BE APPROPRIATE IN THE OVER-ALL CONTEXT OF OECD, THE SECRETARY-GENERAL WOULD INVITE THE NON-MEMBER COUNTRY TO PARTICIPATE IN THE COMMITTEE.

16. IN THE LIGHT OF THE BROAD POWERS WHICH WOULD BE ASSIGNED TO THE COMMITTEE IN THIS MATTER, IT HAS BEEN PROVIDED THAT IN TAKING A DECISION TO PROPOSE TO THE COUNCIL THAT A NON-MEMBER COUNTRY BE INVITED TO PARTICIPATE, ONLY OECD MEMBER COUNTRIES WOULD TAKE PART IN THAT DECISION. THE PARTICIPATION OF NON-MEMBER LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARIS 29852 08 OF 10 081905Z

COUNTRIES IN OECD ACTIVITIES IS A QUESTION WHICH MUST REMAIN WITHIN THE EXCLUSIVE PURVIEW OF MEMBERS OF THE ORGANISATION.

17. THE FIRST SENTENCE OF PARAGRAPH (B) OF ARTICLE 3 USES THE SAME QUALIFICATIONS AS THOSE OF THE TEXT ON PARTICIPATION WHICH APPEARS IN AN EARLIER VERSION OF THE "DRAFT RESOLUTION ON STEEL", NAMELY THAT INVITATIONS MAY BE MADE TO NON-MEMBER COUNTRIES "WITH SUBSTANTIAL STEEL PRODUCTION OR TRADE INTERESTS" BUT THE TERM "OR TRADE" HAS BEEN BRACKETED SINCE, AS BROUGHT OUT AT THE LAST MEETING OF THE AD HOC GROUP ON STEEL THE WHOLE EXPRESSION REQUIRES FURTHER CONSIDERATION.

ARTICLE 4

18. PROVISION HAS BEEN MADE FOR THE COMMITTEE'S BUDGET TO APPEAR IN PART II OF THE ORGANISATION'S BUDGET, AND PROPOSALS WILL BE MADE EACH YEAR BY THE COMMITTEE TO THE COUNCIL IN LINE WITH THE NORMAL PRACTICE OF THE ORGANISATION.

19. IT WILL BE SUGGESTED, IN THE DRAFT PROGRAMME AND BUDGET TO BE SUBMITTED, THAT MEMBER COUNTRIES PARTICIPATING IN THE COMMITTEE CONTRIBUTE TO THE BUDGET ON THE BASIS OF THE SCALE OF CONTRIBUTIONS TO THE ORGANISATION'S NORMAL BUDGET. AS IT IS ENVISAGED THAT THE EUROPEAN COMMUNITIES WILL ALSO PARTICIPATE IN THE COMMITTEE,

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 PARIS 29852 09 OF 10 081927Z

ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15  
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15  
NSCE-00 SSO-00 ICAE-00 INRE-00 EA-10 /120 W  
-----027194 082049Z /23

O R 081823Z SEP 78

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 7137

INFO ALL OECD CAPITALS

USMISSION GENEVA

AMCONSUL NICE

LIMITED OFFICIAL USE SECTION 09 OF 10 PARIS 29852

THEIR CONTRIBUTION WOULD ALSO FIGURE IN THE  
BUDGET PROPOSALS.

20. THE POSITION OF ANY NON-MEMBER COUNTRIES INVITED  
TO PARTICIPATE IN THE COMMITTEE AS IS ENVISAGED IN  
ARTICLE 3 ALSO NEEDS TO BE CONSIDERED. AS THEY ARE NOT  
INCLUDED IN THE DETERMINATION OF THE SCALE OF CONTRIBU-  
TIONS FOR THE OECD, IT WOULD BE APPROPRIATE, WHEN  
DETERMINING THE CONDITIONS OF THEIR PARTICIPATION IN  
THE WORK OF THE COMMITTEE, THAT AN "ASSESSMENT" BE  
FIXED WHICH WOULD BE SUBJECT TO REVISION EACH YEAR AS  
ARE CONTRIBUTIONS TO THE BUDGET.

ARTICLE 5

21. PROVISION IS MADE HERE IN THE USUAL MANNER FOR THE  
COMMITTEE TO BE ABLE TO MAKE PROPOSALS TO THE COUNCIL  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 29852 09 OF 10 081927Z

AND TO SUBMIT OTHER COMMUNICATIONS AS WELL.

ARTICLE 6

22. THE BASIC PROVISION HERE IS FOR APPLICATION OF THE RULES OF PROCEDURE OF THE ORGANISATION TO THIS COMMITTEE EXCEPT WHERE THE DECISION ESTABLISHING THE COMMITTEE DEROGATES FROM THOSE RULES. THE ADVANTAGE HERE IS THAT IT WOULD THUS NOT BE NECESSARY FOR THE COMMITTEE TO FORMULATE ITS OWN RULES AND, MOREOVER, THIS WOULD FACILITATE THE INTEGRATION OF THE COMMITTEE INTO THE NORMAL WORKING ARRANGEMENTS OF OECD.

23. APPLICATION OF THE RULES OF PROCEDURE WOULD, OF COURSE, HAVE A NUMBER OF IMPLICATIONS. FOR EXAMPLE, THE COMMITTEE WOULD ACT BY "MUTUAL CONSENT" WHICH IN OECD PRACTICE MEANS "CONSENSUS" SINCE VOTING PER SE IS VERY EXCEPTIONAL IN THE ORGANISATION.

24. NON-MEMBER COUNTRIES INVITED TO PARTICIPATE IN THE COMMITTEE WOULD TAKE PART IN SUCH "MUTUAL CONSENT" AS THEY WOULD BE ON AN EQUAL FOOTING WITH MEMBER COUNTRIES. HOWEVER, ONE RESTRICTION HAS BEEN PLACED THEREON IN RESPECT OF AN INVITATION TO ANOTHER NON-MEMBER COUNTRY AS EXPLAINED IN PARAGRAPH 16 ABOVE.

25. SHOULD THE COMMITTEE PROPOSE TO THE OECD COUNCIL THAT IT ADOPT A RECOMMENDATION OR DECISION CONCERNING THE COMMITTEE'S WORK, PROVISION WOULD BE MADE THEREIN FOR NON-MEMBER COUNTRIES PARTICIPATING IN THE COMMITTEE TO ACCEDE THERETO.

26. APPLICATION OF THE RULES OF PROCEDURE OF THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARIS 29852 09 OF 10 081927Z

ORGANISATION WOULD ALSO MEAN THAT SECTION VI THEREOF (SUBSIDIARY BODIES) WOULD GOVERN THE ACTIVITIES OF THE COMMITTEE; FOR EXAMPLE, THE COMMITTEE WOULD HAVE TO SUBMIT PROPOSALS TO THE COUNCIL IF FORMAL ACTION BY THE ORGANISATION WERE DESIRED. ON THE OTHER HAND, SPECIAL PROVISION HAS BEEN MADE IN PARAGRAPH (B) OF THIS ARTICLE WHEREBY THE COMMITTEE MAY MAKE "RECOMMENDATIONS" TO PARTICIPANTS. THIS GOES BEYOND THE NORMAL POWERS GIVEN TO A COMMITTEE OF THE ORGANISATION. THE

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 PARIS 29852 10 OF 10 081926Z

ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15  
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15  
NSCE-00 SSO-00 ICAE-00 INRE-00 EA-10 /120 W  
-----027126 082051Z/23

O R 081823Z SEP 78

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 7138

INFO ALL OECD CAPITALS

USMISSION GENEVA

AMCONSUL NICE

LIMITED OFFICIAL USE SECTION 10 OF 10 PARIS 29852

RECOMMENDATIONS ENVISAGED UNDER THIS PARAGRAPH SHOULD NOT, HOWEVER, BE CONFUSED WITH "RECOMMENDATIONS" PROVIDED FOR UNDER ARTICLE 5(B) OF THE OECD CONVENTION AND WOULD NOT HAVE THE SAME LEGAL CONSEQUENCES. ON THE OTHER HAND, THEY WOULD NOT BE DEVOID OF EFFECT AS COUNCIL WOULD HAVE GIVEN TO THE COMMITTEE THE SPECIFIC POWER TO MAKE SUCH RECOMMENDATIONS.

27. PROVISION HAS BEEN MADE IN PARAGRAPH (C) OF THIS ARTICLE WHEREBY, SHOULD THE INITIAL COMMITMENTS REQUIRE MODIFICATION AT A LATER STAGE IT WOULD BE FOR THE COMMITTEE TO PROPOSE SUCH MODIFICATIONS TO THE COUNCIL AND UNLESS THE COUNCIL DECIDED UNANIMOUSLY THAT SUCH MODIFICATIONS WERE NOT CONSISTENT WITH THE AIMS OF THE ORGANISATION IT WOULD AMEND THE ANNEX ACCORDINGLY.

ARTICLE 7

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 29852 10 OF 10 081926Z

28. THIS ARTICLE PROVIDES THAT THE ANNEX (I.E. THE FORMER "DRAFT RESOLUTION ON STEEL") IS AN INTEGRAL PART OF THE DECISION AND THUS HAS THE SAME BINDING EFFECT.

29. PROVISION IS MADE FOR DETERMINING THE DATE ON WHICH THE DECISION TAKES EFFECT. NO DURATION HAS BEEN STIPULATED SINCE AT THIS STAGE SOME MEMBERS ENVISAGE THE COMMITTEE AS A TEMPORARY ACTIVITY WHILST OTHERS SEE IT IN A MORE LONG-RANGE PERSPECTIVE. LEAVING THE QUESTION OF DURATION OPEN DOES NOT PREJUDICE EITHER OF THESE VIEWS NOR DOES IT RESTRICT THE DISCUSSION OF THIS POINT AT A LATER DATE. END OF TEXT  
SALZMAN

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** STEEL, INDUSTRY, STEELS, COMMITTEES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 08 sep 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978PARIS29852  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780366-1127  
**Format:** TEL  
**From:** PARIS USOECDF  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780988/aaaacuw.ytel  
**Line Count:** 1152  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 49391054-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 21  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1503511  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** AD HOC WORKING GROUP ON THE STEEL INDUSTRY, DRAFT DECISION OF THE COUNCIL ESTABLISHING A STEEL COMMITTEE  
**TAGS:** ETRD, OECD  
**To:** STATE  
**Type:** TE  
**vdkvgwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/49391054-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014